

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-119-C

In Re:)	
Application of Advanced Communications)	
Solutions, LLC for a Certificate of Public)	
Convenience and Necessity to Provide)	SETTLEMENT AGREEMENT
Interexchange and Local Exchange)	
Telecommunications Services and for)	
Alternative and Flexible Regulation)	

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Advanced Communications Solutions, LLC ("ACS" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on March 17, 2011, ACS filed its Application requesting: (i) a Certificate of Public Convenience and Necessity be granted authorizing the Company to provide facilities based and resold local exchange and interexchange services; (ii) flexible regulation for its local exchange telecommunications services consistent with Order No. 98-165 in Docket No. 97-467-C; (iii) that interexchange service offerings be regulated in accordance with procedures established for alternative regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. and as modified by Public Service Commission of South Carolina ("Commission") Order No. 2001-997 in Docket No. 2000-407-C; (iv) waiver of certain regulations of the Commission, specifically Regulation 103-610 regarding location of records, Regulation 103-612.2.3 for operating maps, and Regulation 103-631 regarding publishing and distributing local exchange

directories; and (v) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts ("USOA").

WHEREAS, on March 21, 2011, counsel for ORS entered a Notice of Appearance in this matter;

WHEREAS on March 28, 2011, the Commission issued a Notice of Filing and Hearing and established a return date of April 28, 2011, for the filing of letters of protest or petitions to intervene and established a hearing date of June 20, 2011 for the Application to be heard before a hearing examiner;

WHEREAS, on April 5, 2011, the Commission issued its Order No. 2011-233 by which the Commission appointed B. Randall Dong, Esquire as the Hearing Examiner in this matter;

WHEREAS, on April 27, 2011, South Carolina Telephone Coalition ("SCTC") filed a petition to intervene and later filed a stipulation on May 2, 2011;

WHEREAS, on May 11, 2011, the Company filed the direct testimony of David Funderburk with the Commission;

WHEREAS, the purpose of this proceeding is to review the Application filed by the Company and its requests: (i) for a Certificate of Public Convenience and Necessity to provide facilities based and resold local exchange and interexchange services within the State of South Carolina; (ii) for flexible regulation for its local exchange telecommunications services consistent with Order No. 98-165 in Docket No. 97-467-C; (iii) for waiver of certain of the Commission Regulations, specifically Regulation 103-610 regarding location of records, Regulation 103-612.2.3 for operating maps, and Regulation 103-631 concerning publishing and distributing local exchange directories, and (iv) for waiver of any requirement to maintain financial records in conformance with the USOA.

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical and managerial expertise of the Company to provide the services requested in the Application;

WHEREAS, ACS has not provided services as it is a start-up company;

WHEREAS, ORS has reviewed the financial statements of ACS's parent company, ITO, LLC, filed as Exhibit C to the Application.

WHEREAS, ORS calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by the Company and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by the Company;

WHEREAS, ORS has reviewed the pre-filed testimony of David Funderburk;

WHEREAS, as a result of its investigations, ORS has determined: (a) the Company intends to offer facilities based and resold local services and long distance services such as switched local exchange services, switched outbound (1+ dialing), toll free service, directory assistance services, operator services, private line services, Centrex and/or Centrex like services, and high capacity services such as DSL; (b) the Company's officers appear to possess sufficient technical and managerial abilities to adequately provide the services applied for; (c) based upon the information provided and the analysis performed, the Company appears to have access to sufficient financial resources necessary to provide the services proposed in its Application; (d) the Company's proposed tariffs with the amendments as agreed to in this Settlement Agreement and set forth in Exhibit 2 comply with Commission statutes and regulations; (e) the services provided by the Company will meet the service standards required by the Commission; (f) the provision of services by the Company will not adversely impact the availability of affordable

telecommunications services; (g) to the extent it is required to do so by the Commission, the Company will participate in the support of universally available telephone service at affordable rates; and (h) the provision of local services by the Company will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree that ACS's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;

2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of the Company's witness David Funderburk without cross-examination by ORS;

3) The Company submitted financial data, which was provided as Exhibit C and to its Application, and which financial data is incorporated by reference;

4) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide facilities based and resold local exchange services and long distance services within the state of South Carolina;

5) The Company has requested a waiver of 26 S.C. Code Ann. Regs. 103-610 concerning the location of books and records. However, S.C. Code Ann. §58-9-380 (Supp. 2010) provides that:

Each telephone utility shall have an office in one of the counties of this State in which its property or some part thereof is located and shall keep in such office all such books, accounts, papers and records as shall reasonably be required by the Office of Regulatory

Staff. No books, accounts, papers or records required by the ORS to be kept within the State shall be removed at any time from the State except upon such conditions as may be prescribed by the Office of Regulatory Staff.

ORS is agreeable to allowing the Company to maintain its books and records outside of the State of South Carolina in exchange for the Company agreeing to provide access to its books and records. ORS is agreeable to the Company maintaining its books and records at its principal offices in Georgia, and the Company agrees to notify the ORS of any change in the location of the principal office or in the location where the books and records are maintained. This provision of the Settlement Agreement shall not be construed as a waiver by ORS of S.C. Code Ann. § 58-4-55 (Supp. 2010) or § 58-9-1070 (Supp. 2010). ORS expressly reserves its rights to require the production of books, records and other information located within or outside of the State of South Carolina in order to carry out its duties and compliance with any state or federal regulation;

6) The Company has requested a waiver of any rule or regulation that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The Company acknowledges that S.C. Code Ann. § 58-9-340 (Supp. 2010) provides that the ORS may, in its discretion and subject to the approval of the Commission, prescribe systems of accounts to be kept by telephone utilities subject to the commission's jurisdiction and that the ORS may prescribe the manner in which the accounts shall be kept and may require every telephone utility to keep its books, papers, and records accurately and faithfully according to the system of accounts as prescribed by the ORS. The Company agrees to keep its books, papers, and records in such a manner that permits ORS to audit its revenues and expenses associated with its South Carolina operations for compliance with programs such as but not limited to the Universal Service Fund ("USF"), the Interim LEC Fund, dual party relay service

fund, and gross receipts. The Company agrees to complete the reporting forms for such programs as but not limited to USF, dual party relay service fund, Interim LEC, and gross receipts as may be required by the ORS of telecommunications companies certificated to operate within South Carolina and as the reporting forms may be amended from time to time;

7) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regulation 103-612.2.3 which requires the filing of operating area maps;

8) ORS does not oppose the Company's request pursuant to 26 S.C. Code Ann. Regulation 103-631 to make arrangements with the incumbent LECs whereby the names of ACS's customers will be included in the directories published by the incumbent LECs. ACS agrees to cause the directories to be distributed to its customers;

9) ORS does not oppose ACS's requests: (a) for flexible regulation for its local telecommunications service offerings consistent with Order No. 98-165 in Docket No. 97-467-C, such flexible regulation including specifically (i) adoption of a competitive rate structure incorporating maximum rate levels with the flexibility for rate adjustment below the maximum rate levels and (ii) presumptively valid tariff filings upon filing subject to an investigation of such tariff filing being instituted within thirty (30) days; and (b) for alternative regulation of its interexchange service offerings consistent with the procedures described and set forth in Orders 95-1734 and 96-55 in Docket No. 95-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C, specifically (i) removal of the maximum rate tariff requirements for the Company's business services, private line, and customer network-type offerings, except in instances governed by Order No. 2001-997 which reinstituted maximum rates for surcharges and rates associated with certain intrastate operator-assisted calls; (ii) presumptively valid tariff filings for these interexchange services unless an investigation of a particular filing is instituted within

seven (7) days, in which case the tariff filing will be suspended until resolution of the investigation or until further order of the Commission; and (iii) grant ACS the same treatment as all other carriers operating under alternative regulation in connection with any future relaxation of reporting requirements;

10) The Company agrees to resell the services only of those local exchange providers authorized to do business in South Carolina by the Commission. The Company agrees to notify ORS and the Commission, in writing, of its underlying carriers and if ACS changes its underlying carriers;

11) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, dual party relay service fund reporting, interim LEC fund reporting, annual reporting, gross receipts reporting, and/or any other reporting which may now or in the future be applicable to telecommunications providers such as ACS. The Parties agree that such reports shall be filed pursuant to ORS's instructions and monies shall be remitted in accordance with the directions of the ORS and the Commission requirements.

12) The Company agrees to maintain its books and records associated with its South Carolina operations in a manner that would permit ORS to examine any of ACS's reports filed with the Commission and provided to ORS.

13) The Company agrees to file with the Commission and ORS a completed authorized utility representative forms within thirty (30) days of the Commission's order.

14) In the event that the Company offers prepaid calling card or prepaid long distance services in the future, ACS agrees that it shall obtain Commission approval and post a surety bond in the amount of \$5,000 as required by the Commission;

15) In the event that the Company expands its authority and offers prepaid local exchange service, ACS agrees to comply with South Carolina Regulation 103-607 in that it will obtain a bond, irrevocable letter of credit, or certificate of deposit per the Commission's request.

17) The Company agrees to comply with South Carolina Code Ann. § 58-9-300 entitled "Abandonment of Service." Additionally, to the extent applicable, ACS agrees to adhere to the FCC's rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, the Company shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

18) To the extent necessary, the Company agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

19) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," also known as 911 services." At the time the Company offers or provides any service that would implicate Title 23, Chapter 47, the Company agrees to contact the appropriate authorities regarding 911 services in the counties and cities where it will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

20) The Company agrees to comply with all orders, directives, guidelines, rules and regulations of the Commission unless the Commission has expressly waived such requirement, rule or regulation;

21) The Company agrees to file a final revised tariff with both the ORS and the Commission within thirty days of the Commission Order granting certification, and the revised tariff shall reflect and be in accordance with ORS's recommendations as set forth in Attachment 1 to this Settlement Agreement. Further, the Company agrees to file and maintain its tariff with the Commission electronic tariff filing system.

22) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

23) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the

Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

24) The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party;

25) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

26) This Settlement Agreement shall be interpreted according to South Carolina law.

27) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement

and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURES ON FOLLOWING PAGES]

WE AGREE:

Representing the South Carolina Office of Regulatory Staff

Shealy Boland Reibold

Shealy Boland Reibold, Esquire

C. Lessie Hammonds, Esquire

Office of Regulatory Staff

1401 Main Street, Suite 900

Columbia, SC 29201

Telephone: (803) 737-0800

Fax: (803) 737-0895

Email: sreibol@regstaff.sc.gov

5/19/11

Date

WE AGREE:

Representing Advanced Communications Solutions, LLC



Scott Elliott, Esquire
Elliott & Elliott, PA
1508 Lady Street
Columbia, SC 29201
Telephone: (803) 771-0555
Fax: (803) 771-8010
Email: selliott@elliottlaw.us

May 19, 2011
Date

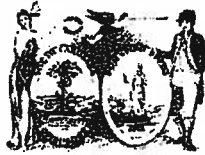
STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

EXHIBIT 1

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

RICHARD ECKSTROM
COMPTROLLER GENERAL



HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING
1000 ASSEMBLY STREET, SUITE 425
COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH
WILLIAM GILLESPIE
(803) 734-3805

GEODETIC SURVEY
5 GEOLOGY ROAD
COLUMBIA, S.C. 29210
LEWIS LAPINE
(803) 896-7700

DIGITAL CARTOGRAPHY
(803) 734-3802

HEALTH & DEMOGRAPHICS
STATISTICS
1919 BLANDING STREET
COLUMBIA, S.C. 29201
WALTER P. BAILEY, M.P.H.
(803) 898-9941

Recommendations for Advanced Communications Solutions, LLC Local Exchange Tariff

Recommendations for Local Exchange Tariff

Original Page 7 A--The Company should change "LMK" to "ACS" in the parenthetical statement.

Section 1—Technical Terms and Abbreviations

--There are no recommendations for Section 1.

Section 2-Rules and Regulations

--There are no recommendations for Section 2.

Section 3-Description of Services

Original Page 34 3.1.7—The Company should correct the typo (callas) in "Anonymous Call Reject."

Section 4-Rates

Original Page 40 4.8.3--The Company may want the maximum rates to be higher than current rates so that the Company may have the flexibility to increase rates in the future.

Original Page 40 4.8.4--The Company may want the maximum rates to be higher than current rates so that the Company may have the flexibility to increase rates in the future.

Tariff Recommendations for Advanced Communications Interexchange Tariff

Table of Contents

Original Sheet No. 3—The Company should remove "2.14 Taxes" as there is no section within the tariff.

Original Sheet No. 4---Section 3, 3.1, 3.2 should be page 28. Section 3.3-3.4.2 should be 29. Section 3.4.3 and 3.4.4 should be page 30. Section 3.5-3.7 should be page 31.

Section 1-Technical Terms and Abbreviations

--There are no recommendations for Section 1.

Section 2-Rules and Regulations

Original Sheet No. 17 2.8.6.B—The Company should modify the sentence as follows—
“Second, if there is still disagreement over the disputed amount after the investigation and review by a manager of the Company, the Customer may contact the South Carolina *Office of Regulatory Staff* for its investigation at the following address and/or phone number:”

Original Sheet 20 2.12—The Company should modify the regulation in the last sentence to
“103-621.”

Original Sheet No. 27 2.17.1-2.17.4—The Company should remove this section in its entirety and adjust pagination and section ordering as appropriate. The Commission will issue Regulatory Requirements within its Order granting the certificate.

Original Page 28-37—The footnote lists the effective date as 2009. This should be modified on all pages from 28-37.

Section 3-Description of Service

Original Page 31 3.5—The last sentence should be modified as follows—“all promotional offerings will be filed with the Commission with specific starting and ending dates.”

Section 4-Rates

Original Page 32 4.1.2—The Company should include a maximum as well as current rate to any charges that may affect residential subscribers.

Original Page 32 4.1.3—The Company should include a maximum as well as current rate to any charges that may affect residential subscribers.

Original Page 32 4.1.4—The Company should include a maximum as well as current rate to any charges that may affect residential subscribers.

Original Page 33 4.2.1—The Company may consider making the maximum rates approximately two times (2X) the current rate to allow for flexibility in pricing.

Original Page 33 4.2.2— The Company may consider making the maximum rates approximately two times (2X) the current rate to allow for flexibility in pricing.

Original Page 33 4.2.3— The Company may consider making the maximum rates approximately two times (2X) the current rate to allow for flexibility in pricing.

Original Page 33 4.2.4— The Company may consider making the maximum rates approximately two times (2X) the current rate to allow for flexibility in pricing.

Original Page 35 4.3—The Company should include a maximum as well as a current rate (for MRC and NRC) for any charges that may affect residential subscribers. The Company

may want the maximum rates to be higher than current rates so that the Company may have the flexibility to increase rates in the future.

Original Page 36 4.5—The Company needs only to have a current rate for directory assistance. No maximum or minimum is required.

Original Page 37 4.7--The Company should remove the following phrase—"and made part of this tariff."

Additional Recommendations for Tariffs

- 1) The Company may be required to file a bond in order for the Company to comply with new SC Reg. 103-607.**
- 2) If the Company charges any installation, connection, maintenance, or termination charges, etc. (in addition to the services listed in the tariff), these additional charges and the descriptions of the charges should be listed in the tariff with their current and maximum rates.**
- 3) The Company is applying for Flexible Regulation. Therefore, the Company will include maximum rates as well as current rates for all services within the Local Exchange Tariff.**
- 4) The Company should also provide tariffs and tariff revisions to the South Carolina Public Service Commission as well as the South Carolina Office of Regulatory Staff (SC Reg. 103-629).**
- 5) If the Company's Services involve Prepaid Calling Cards, the Company will be required to post a \$5, 000 Surety Bond with the Public Service Commission.**
- 6) The Company is applying for Modified Alternate Regulation by the PSC for its Interexchange tariff. As a general rule, the Company should include maximum rates and current rates for any service that may impact residential Customers. Any service that impacts Business Long Distance, Consumer Cards, and Operator Services (Including Directory Assistance) are exempt from maximum rates. Only current rates would need to be filed for these services.**

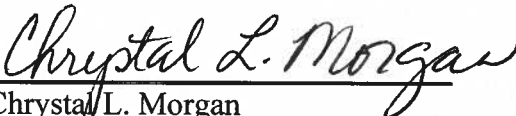
BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2011-119-C

IN RE: Application of ADVANCED
COMMUNICATIONS SOLUTIONS, LLC for a)
Certificate of Public Convenience and Necessity) **CERTIFICATE OF**
to Provide Interexchange and Local Exchange) **SERVICE**
Telecommunications Services and for Alternative)
Regulation

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Scott Elliott, Esquire
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC, 29201

M. John Bowen, Jr., Esquire
Margaret M. Fox, Esquire
Sue-Ann Gerald Shannon , Esquire
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, SC, 29211



Chrystal L. Morgan

May 19, 2011
Columbia, South Carolina